

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature	Printed Name		License Number	

TOWNSHIP OF GROVELAND

REPORT ON AUDIT OF
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED MARCH 31, 2006

TOWNSHIP OF GROVELAND

TOWNSHIP OFFICIALS

Supervisor - Robert DePalma
Treasurer - Shirley Scramlin
Clerk - Pamela Mazich

TOWNSHIP BOARD

David Ax
Robert DePalma
Diane Howell
Pamela Mazich
Shirley Scramlin

TOWNSHIP ATTORNEY

Williams, Williams, Ruby & Plunkett, P.C.

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
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July 28, 2006

Board of Trustees
Township of Groveland
4695 Grange Hall Road
Holly, Michigan 48442

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Groveland as of and for the year ended March 31, 2006, which collectively comprise the Township of Groveland's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Groveland's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Groveland as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information on pages 7 through 12 and 37 through 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Groveland's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining and individual fund statements, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis March 31, 2006

Within this section of the Township of Groveland's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2006. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Governmental activities include such activities as general government, public safety, and planning and zoning departments. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has two kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township has implemented the new financial reporting model used in this report beginning with the prior fiscal year ended March 31, 2005. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Township as a whole.

The Township's net assets at the end of the fiscal year were \$5,552,037. This is a \$369,371 increase over last year's net assets of \$5,182,666.

The following tables provide a summary of the Township's financial activities and changes in net assets:

Summary of Net Assets

	Governmental Activities		Increase
	<u>3-31-06</u>	<u>3-31-05</u>	<u>(Decrease)</u>
ASSETS			
Current and other assets	\$ 4,617,044	\$ 4,224,051	\$ 392,993
Capital assets	<u>2,328,832</u>	<u>1,704,851</u>	<u>623,981</u>
Total assets	<u>6,945,876</u>	<u>5,928,902</u>	<u>1,016,974</u>
LIABILITIES			
Accounts payable and other accrued liabilities	111,794	53,036	58,758
Bonds payable	<u>1,282,045</u>	<u>693,200</u>	<u>588,845</u>
Total liabilities	<u>1,393,839</u>	<u>746,236</u>	<u>647,603</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,589,772	1,704,851	(115,079)
Restricted for debt service	305,579	254,318	51,261
Unrestricted	<u>3,656,686</u>	<u>3,223,497</u>	<u>433,189</u>
Total net assets	<u>\$ 5,552,037</u>	<u>\$ 5,182,666</u>	<u>\$ 369,371</u>

Summary of Changes in Net Assets

	<u>Governmental Activities</u>		<u>Increase</u>
	<u>3-31-06</u>	<u>3-31-05</u>	<u>(Decrease)</u>
REVENUES			
Program revenues			
Charges for services	\$ 585,468	\$ 663,072	\$ (77,604)
Operating grants and contributions	176,362	111,490	64,872
General revenues			
State shared revenues	426,045	418,145	7,900
Property taxes	1,041,325	1,010,978	30,347
Interest income	180,565	116,913	63,652
Gain on sale of assets	59,176		59,176
Rental income	58,101	54,661	3,440
Other income	<u>49,364</u>	<u>7,695</u>	<u>41,669</u>
Total revenues	<u>2,576,406</u>	<u>2,382,954</u>	<u>193,452</u>
EXPENSES			
General government	689,565	649,843	39,722
Fire protection	1,327,532	954,923	372,609
Community development	30,376	32,750	(2,374)
Public works	105,929	57,440	48,489
Parks and recreation	16,562	15,947	615
Interest on long-term debt	<u>37,071</u>	<u>37,576</u>	<u>(505)</u>
Total expenses	<u>2,207,035</u>	<u>1,748,479</u>	<u>458,556</u>
CHANGES IN NET ASSETS	369,371	634,475	(265,104)
BEGINNING NET ASSETS	<u>5,182,666</u>	<u>4,548,191</u>	<u>634,475</u>
ENDING NET ASSETS	<u>\$ 5,552,037</u>	<u>\$ 5,182,666</u>	<u>\$ 369,371</u>

The overall financial status for the Township is strong with the Township adding to its net assets once again.

Financial Analysis of the Township's Funds

The Township of Groveland reported four major funds for the year ended March 31, 2006. These funds included:

- General Fund
- Fire Protection Fund
- Gas Debt Service Fund
- Fire Improvement Fund

The General Fund increased its fund balance by \$313,794 during the year primarily due to reclamation revenues collected by the Township. Typically, the General Fund has added amounts to its fund balance annually.

The Fire Protection Fund had a small reduction of its fund balance of \$6,497. This was due to the operating transfer (out) of \$128,043 to the Fire Improvement Fund. The transfer was the surplus for the prior year ending March 31, 2005.

The Gas Debt Service Fund increased its fund balance by \$51,261 for the fiscal year. This is largely due to extra amounts collected for new users who were not in the original assessment district.

The Building Department Fund had a small increase in its fund balance of \$8,663. Its fund balance is still very low as of March 31, 2006 at \$32,246. As the economy slows down, the General Fund may have to give the Building Department Fund financial assistance to avoid a deficit.

General Fund Budgetary Highlights

The Township approved a budget prior to the start of the fiscal year, and made several immaterial amendments during the year to bring it closer to economic reality. Appropriations exceeded actual expenditures by \$299,630 primarily due to excessive amounts budgeted in the unallocated cost center (\$287,468).

Capital Asset and Debt Administration

The Township's fire department made some significant capital purchases during the year. Almost \$771,000 was spent for new vehicles. The Township financed approximately \$739,000 of the purchases with installment notes.

The Township also received a grant for new voting equipment. The cost of the voting equipment which was capitalized was \$16,584.

Economic Conditions and Future Activities

Anticipated future decreases in state revenue sharing could have a substantial effect on operations for subsequent periods. The reclamation revenues the Township is receiving is substantially dependent on the amount of reclamation completed in the year making revenue amounts very difficult to estimate, especially with the project being near completion.

In order to provide for future capital purchases and projects the Township board has reserved \$1,143,906 of its General Fund's fund balance. This includes:

General reserve	\$ 743,906
Fire department building	250,000
Road projects	<u>150,000</u>
Total reserve	<u>\$ 1,143,906</u>

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Township of Groveland at 4695 Grange Hall Road, Holly, Michigan 48442.

BASIC
FINANCIAL
STATEMENTS

GOVERNMENT-WIDE
FINANCIAL
STATEMENTS

TOWNSHIP OF GROVELAND
STATEMENT OF NET ASSETS
MARCH 31, 2006

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 3,834,572
Receivables	
Taxes	131,821
Special assessments	520,667
State shared revenues	69,935
Accounts - other	38,360
Intergovernmental	21,689
Capital assets	
Land	150,000
Buildings and improvements	1,588,000
Equipment	174,615
Vehicles	1,351,733
Less accumulated depreciation	<u>(935,516)</u>
Total assets	<u>6,945,876</u>
LIABILITIES	
Accounts payable	107,694
Intergovernmental debt	4,100
Bonds payable - current	149,620
Bonds payable - long term	<u>1,132,425</u>
Total liabilities	<u>1,393,839</u>
NET ASSETS	
Investment in capital assets, net of related debt	1,589,772
Restricted for:	
Debt service	305,579
Unrestricted	<u>3,656,686</u>
Total net assets	<u><u>\$ 5,552,037</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GROVELAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2006

Functions/Programs	Program Revenues			Net Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
General government	\$ (689,565)	\$ 295,933	\$	\$ (393,632)
Fire protection	(1,327,532)	289,535	115,614	(922,383)
Community development	(30,376)		19,148	(11,228)
Parks and recreation	(16,562)			(16,562)
Public works	(105,929)			(105,929)
Interest on long-term debt	(37,071)		41,600	4,529
Total governmental activities	<u>\$ (2,207,035)</u>	<u>\$ 585,468</u>	<u>\$ 176,362</u>	<u>(1,445,205)</u>
General Revenues:				
Property taxes				1,041,325
State shared revenues				426,045
Unrestricted investment earnings				180,565
Rental income				58,101
Gain on sale of assets				59,176
Other income				<u>79,364</u>
Total general revenues				<u>1,814,576</u>
Change in net assets				369,371
Net assets, April 1, 2005				<u>5,182,666</u>
Net assets, March 31, 2006				<u>\$ 5,552,037</u>

The accompanying notes are an integral part of these financial statements.

FUND
FINANCIAL
STATEMENTS

TOWNSHIP OF GROVELAND
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2006

	<u>General</u>	<u>Fire Protection</u>	<u>Gas Debt Service</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,524,949	\$ 775,700	\$ 384,221
Receivables			
Special assessments			520,667
Taxes	27,460	97,488	6,873
State shared revenues	69,935		
Accounts - other	38,360		
Due from other funds	<u>21,517</u>	<u>172</u>	<u> </u>
Total assets	<u>\$ 2,682,221</u>	<u>\$ 873,360</u>	<u>\$ 911,761</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts payable	\$ 6,149	\$ 15,706	\$ 85,515
Matured bonds payable			
Due to other funds			
Deferred revenues	<u> </u>	<u> </u>	<u>520,667</u>
Total liabilities	<u>6,149</u>	<u>15,706</u>	<u>606,182</u>
Fund Balance			
Unreserved	2,676,072	857,654	
Designated for capital replacement			
Reserved for debt service	<u> </u>	<u> </u>	<u>305,579</u>
Total fund balance	<u>2,676,072</u>	<u>857,654</u>	<u>305,579</u>
Total liabilities and fund balance	<u>\$ 2,682,221</u>	<u>\$ 873,360</u>	<u>\$ 911,761</u>

The accompanying notes are an integral part of these financial statements.

<u>Fire Improvement</u>	<u>Other Non-major Fund Bldg. Fund</u>	<u>Total</u>
\$ 113,032	\$ 36,670	\$ 3,834,572
		520,667
		131,821
		69,935
		38,360
		<u>21,689</u>
<u>\$ 113,032</u>	<u>\$ 36,670</u>	<u>\$ 4,617,044</u>

\$	\$ 324	\$ 22,179
		85,515
	4,100	4,100
		<u>520,667</u>
	<u>4,424</u>	<u>632,461</u>

113,032	32,246	3,679,004
		<u>305,579</u>
<u>113,032</u>	<u>32,246</u>	<u>3,984,583</u>
<u>\$ 113,032</u>	<u>\$ 36,670</u>	<u>\$ 4,617,044</u>

TOWNSHIP OF GROVELAND
RECONCILIATION OF STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
MARCH 31, 2006

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 3,984,583
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Historical cost	\$3,264,348	
Depreciation	<u>(935,516)</u>	
Capital assets net of depreciation		2,328,832
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds payable (long-term portion)		(1,282,045)
Deferred revenues on special assessments was recognized as revenue in the government-wide statements. Assessments are income as they are assessed.		<u>520,667</u>
Net assets of governmental activities		<u>\$ 5,552,037</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GROVELAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	<u>General</u>	<u>Fire Protection</u>	<u>Gas Debt Service</u>
REVENUES			
Taxes	\$ 233,698	\$ 807,627	\$
Special assessments			119,131
Connection fees			41,600
Licenses and permits	176,963		
Grant – community development	19,148		
State shared revenues	426,045		
Federal grant			
Rental income	48,601	9,500	
Charges for services	30,994	289,535	
Interest	103,786	12,908	11,204
Miscellaneous	<u>41,651</u>	<u>7,714</u>	<u></u>
Total revenues	<u>1,080,886</u>	<u>1,127,284</u>	<u>171,935</u>
EXPENDITURES			
General government	614,225		
Fire protection		1,005,738	
Library	12,500		
Parks and recreation	16,562		
Community development	17,876		
Public works	105,929		
Debt service			
Principal			83,603
Interest and fees	<u></u>	<u></u>	<u>37,071</u>
Total expenditures	<u>767,092</u>	<u>1,005,738</u>	<u>120,674</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>313,794</u>	<u>121,546</u>	<u>51,261</u>
OTHER FINANCING SOURCES (USES)			
Operating transfer in (out)		(128,043)	
Loan proceeds			
Proceeds from sale of assets	<u></u>	<u></u>	<u></u>
Total other financing sources (uses)	<u></u>	<u>(128,043)</u>	<u></u>
Excess of revenues over (under) expenditures after other financing sources (uses)	313,794	(6,497)	51,261
FUND BALANCE, APRIL 1, 2005	<u>2,362,278</u>	<u>864,151</u>	<u>254,318</u>
FUND BALANCE, MARCH 31, 2006	<u>\$ 2,676,072</u>	<u>\$ 857,654</u>	<u>\$ 305,579</u>

The accompanying notes are an integral part of these financial statements.

<u>Fire Improvement</u>	<u>Other Non-major Funds Bldg. Fund</u>	<u>Total</u>
\$	\$	\$ 1,041,325
		119,131
		41,600
	87,976	264,939
		19,148
		426,045
115,614		115,614
		58,101
		320,529
4,177		132,075
<u> </u>	<u> </u>	<u>49,365</u>
<u>119,791</u>	<u>87,976</u>	<u>2,587,872</u>
	79,313	693,538
978,326		1,984,064
		12,500
		16,562
		17,876
		105,929
		83,603
<u> </u>	<u> </u>	<u>37,071</u>
<u>978,326</u>	<u>79,313</u>	<u>2,951,143</u>
<u>(858,535)</u>	<u>8,663</u>	<u>(363,271)</u>
128,043		
739,060		739,060
<u>95,700</u>	<u> </u>	<u>95,700</u>
<u>962,803</u>	<u> </u>	<u>834,760</u>
104,268	8,663	471,489
<u>8,764</u>	<u>23,583</u>	<u>3,513,094</u>
<u>\$ 113,032</u>	<u>\$ 32,246</u>	<u>\$ 3,984,583</u>

TOWNSHIP OF GROVELAND
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2006

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds	\$ 471,489
--	------------

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:

Capital outlay	\$ 787,160	
Depreciation expense	<u>(126,655)</u>	
Net capital assets		660,505

Repayment of bond and contracts payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets

Repayment of: Bonds payable	83,603
--------------------------------	--------

Proceeds from loans is a financing source in the governmental funds, but the proceeds increases long-term liabilities in the Statement of Net Assets

(739,060)

Proceeds from sale of assets is a revenue in the governmental funds, however, the gain or loss is revenue or expense in the Statement of Activities:

Proceeds from sale of assets	(95,700)	
Gain on sale of assets	<u>59,176</u>	

Net book value of sold assets	(36,524)
-------------------------------	----------

Principal received on special assessments are income as they are levied annually for governmental funds, but they are recognized as income in total when they are originally levied in the initial first year for the Statement of Activities.

Principal collected on assessments	<u>(70,642)</u>
------------------------------------	-----------------

Change in net assets of governmental activities	<u>\$ 369,371</u>
---	-------------------

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GROVELAND
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
MARCH 31, 2006

	<u>Current Tax Collection</u>	<u>Trust and Agency</u>	<u>Totals</u>
ASSET			
Cash and cash equivalents	<u>\$ 17,415</u>	<u>\$ 89,809</u>	<u>\$ 107,224</u>
LIABILITIES			
Due to other funds	\$ 16,502	\$ 1,087	\$ 17,589
Due to others	<u>913</u>	<u>88,722</u>	<u>89,635</u>
Total liabilities	<u>\$ 17,415</u>	<u>\$ 89,809</u>	<u>\$ 107,224</u>

The accompanying notes are an integral part of these financial statements.

NOTES
TO
FINANCIAL
STATEMENTS

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Groveland conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Protection Fund accounts for the activities related to the operations of the Township fire department. This activity is funded primarily through the collection of property taxes and cost recovery fees.

The Fire Improvement Fund accounts for monies set aside by the Fire Operating Fund for capital purchases.

The Gas Debt Service Fund accounts for the special assessments levied and related debt associated with the Township's participation of installing a natural gas distribution system.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. BUDGETARY DATA

The Township approves budgets for the general and special revenue funds. Amendments made during the fiscal year are reflected in the budget column of the appropriate financial statement. The budgets are prepared on a modified accrual basis

D. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the Township for the 2005 levy was assessed at an adjusted taxable value of \$225,139,700. Taxes are due and payable by February 28. Delinquent real property taxes are returned to the County Treasurer for collection.

The Township levies the following millage:

General Township	1.0
Fire	<u>3.5</u>
Total millage	<u>4.5</u>

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

F. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

H. CASH AND CASH EQUIVALENTS

The Township considers its deposits and restricted deposits and investments held with maturities of three months or less are considered to be cash equivalents.

I. INCOME TAXES

As a governmental agency, the Township is exempt from both federal income taxes and Michigan Single Business Tax.

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of the Township of Groveland as the primary government have been included in the financial statements.

The following potential component unit has been evaluated under the criteria established by GASB statement number 39 and determined not to be a component unit based on financial independence and accountability.

Brandon - Groveland - Ortonville Recreation Authority - The Township of Groveland is involved and monetarily supports this authority. The recreation authority is fiscally independent from the Township. The authority is a component unit of the Charter Township of Brandon.

NOTE 3 - INTERFUND BALANCES

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period. The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
Fire fund	\$ 172	Current tax	\$ 172
General fund	4,100	Building department fund	4,100
General fund	16,330	Current tax collection fund	16,330
General fund	<u>1,087</u>	Trust and agency fund	<u>1,087</u>
	<u>\$ 21,689</u>		<u>\$ 21,689</u>

NOTE 4 - EMPLOYEE RETIREMENT PLAN

The Township participated in the John Hancock Defined Contribution Pension Plan Group #89571 for Michigan Township Employees. This was a single employer plan. All full time employees were included in the plan. Six months of service was needed for an employee to be eligible to participate. The Township would contribute 11% of an employees' compensation to the plan. The employee had the option to contribute between 1% and 25% of after tax compensation to the plan.

Effective December 2005, the Township approved to change the pension plan to the Municipal Employees' Retirement System of Michigan - (MERS) Defined Benefit Program.

For the year ended March 31, 2006, the Township did contribute \$13,910 to the John Hancock plan. Once this plan was closed, all employees rolled their investments into the MERS plan. The amount rolled over was approximately \$551,422. In addition, the Township contributed \$46,876 to the MERS plan on behalf of the employees which otherwise would have been contributed to the John Hancock plan.

General employees (full time) including elected officials such as Supervisor, Clerk and Treasurer (excluding trustees) are fully vested after 10 years of service for the MERS plan.

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 4 - EMPLOYEE RETIREMENT PLAN (continued)

Trustees are considered separately for the MERS plan, and are considered full time by attending one meeting per month or as required. The vesting period is also ten years for trustees.

The pension amount paid at retirement is based on the last five years of service for both types of employees.

As of the report date, there was no MERS actuarial report available.

NOTE 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

<u>COST</u>	<u>Balance 4/1/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/06</u>
Land	\$ 150,000	\$	\$	\$ 150,000
Buildings - general government	376,000			376,000
Buildings - fire	1,212,000			1,212,000
Equipment - general government	56,231	16,584	22,000	50,815
Equipment - fire	123,800			123,800
Vehicles - fire	811,157	770,576	230,000	1,351,733
	<u>2,729,188</u>	<u>787,160</u>	<u>252,000</u>	<u>3,264,348</u>
Total cost	<u>2,729,188</u>	<u>787,160</u>	<u>252,000</u>	<u>3,264,348</u>

ACCUMULATED DEPRECIATION

Land				
Buildings - general government	73,947	7,520		81,467
Buildings - fire	401,057	25,240		426,297
Equipment - general government	36,107	5,091	22,000	19,198
Equipment - fire	55,052	2,842		57,894
Vehicles - fire	458,174	85,962	193,476	350,660
	<u>1,024,337</u>	<u>126,655</u>	<u>215,476</u>	<u>935,516</u>
Total accumulated depreciation	<u>1,024,337</u>	<u>126,655</u>	<u>215,476</u>	<u>935,516</u>
Net book value	<u>\$ 1,704,851</u>	<u>\$ 660,505</u>	<u>\$ 36,524</u>	<u>\$ 2,328,832</u>

As of March 31, 2006 there was \$739,060 of long term debt related to fire department equipment.

Depreciation expense was allocated to the various activities as follows:

General government	\$ 12,611
Fire protection	<u>114,044</u>
	<u>\$ 126,655</u>

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 6 - LONG-TERM DEBT

The following is a summary of Township debt for the year ended March 31, 2006:

	<u>Balance 4/01/05</u>	<u>Debt Proceeds</u>	<u>Principal Repayments</u>	<u>Balance 3/31/06</u>
Bonds payable used to finance construction of gas distribution system	\$ 626,588	\$	\$ 83,603	\$ 542,985
Installment agreement payable to finance purchase of two fire trucks		520,000		520,000
Installment agreement payable to finance purchase of two ambulances		219,060		219,060
Total	<u>\$ 626,588</u>	<u>\$ 739,060</u>	<u>\$ 83,603</u>	<u>\$ 1,282,045</u>

1. Bonds payable - gas distribution system: In 1999 the Township issued bonds to finance the construction of a natural gas distribution system. Principal is paid annually each June 1 and interest is paid semi-annually each June and December 1. Interest charged varies between 6.15% and 7.4% per annum. The bond is set to mature on June 1, 2011.
2. Installment agreement - fire trucks - In September 2005 the Township entered into an installment purchase agreement with a bank to finance the purchase of two fire trucks. Principal and interest of \$47,686 is paid annually to service the debt. The installment agreement is scheduled to mature on May 1, 2020. Interest is charged at a fixed rate of 4.54% per annum.
3. Installment agreement - ambulances - In September 2005 the Township entered into an installment purchase agreement with a bank to finance the purchase of two ambulances principal and interest of \$36,147 is paid annually to service the debt. The installment agreement is scheduled to mature on May 1, 2012. Interest is charged at affixed rate of 4.19% per annum.

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 6 - LONG-TERM DEBT (continued)

The following is a schedule of future principal and interest payments to service the long-term obligations of the Township:

<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
4/1/06 - 3/31/07	\$ 149,620	\$ 60,137	\$ 209,757
4/1/07 - 3/31/08	145,068	64,597	209,665
4/1/08 - 3/31/09	154,114	55,561	209,675
4/1/09 - 3/31/10	163,864	45,875	209,739
4/1/10 - 3/31/11	174,219	35,491	209,710
4/1/11 - 3/31/16	356,968	79,659	436,627
4/1/16 - 3/31/21	<u>209,107</u>	<u>29,323</u>	<u>238,430</u>
Total	\$ 1,352,960	\$ 370,643	\$ 1,723,603
Less: current portion recorded n debt service fund	<u>(70,915)</u>	<u>(14,600)</u>	<u>(85,515)</u>
Total long-term debt	<u>\$ 1,282,045</u>	<u>\$ 356,043</u>	<u>\$ 1,638,088</u>

NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The investment policy adopted by the board is in accordance with Act 196 PA 1997. The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 300,000	\$ 300,000
Uninsured and uncollateralized	<u>3,649,795</u>	<u>3,659,637</u>
Total deposits	<u>\$ 3,949,795</u>	<u>\$ 3,959,637</u>

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 8 - RECLAMATION REVENUES

Effective June 2002 the Township had entered into an agreement with a construction company for the mining and reclamation of lands in the Township. The Township is to receive funds based upon materials removed from these lands. The Township is to receive these funds until the contract expires in June 2012. Total reclamation revenues for the year ended March 31, 2006 was \$124,084.

NOTE 9 - FEDERAL GRANT ACTIVITIES

The Township participates in a Community Development Block Grant (CDBG) consortium passed through Oakland County. The CDBG fiscal period is from May 1 to April 30. The County performs a full compliance audit on the Township's program performance. The most recent audit has been completed for the period dated May 1, 2004 to April 30, 2005.

NOTE 10 - CONTINGENT LIABILITIES

The Township is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Township.

NOTE 11 - POST EMPLOYMENT BENEFITS

The Township adopted a post employment benefits policy several years ago. The Township pays health insurance premiums (single coverage) for retirees of the Township who have worked a minimum of 20 years and until the age 55. Currently there is one retired employee receiving the benefit. The cost to the Township for the year ending March 31, 2006 was \$6,474.

The aforementioned policy was changed effective April 1, 2006. The changes to the policy are as follows:

All new hires after April 1, 2006 must be full time firefighters or an elected official (office staff are no longer eligible) and have 30 years of service to receive lifetime health insurance coverage.

The employees hired prior to April 1, 2006 are grandfathered under the original policy, however, must adhere to the 30 years of service instead of 20 years of service.

The Governmental Accounting Standards Board has released Statement Number 45, *Accounting and Reporting by Employers for Post Employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending March 31, 2009.

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 12 - RECONCILIATION OF FUND FINANCIAL STATEMENTS
TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 3,984,583
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Historical cost	\$3,264,348	
Depreciation	<u>(935,516)</u>	
Capital assets net of depreciation		2,328,832
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds payable (long-term portion)		(1,282,045)
Deferred revenues on special assessments was recognized as revenue in the government-wide statements. Assessments are income as they are assessed.		<u>520,667</u>
Net assets of governmental activities		<u><u>\$ 5,552,037</u></u>

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 12 - RECONCILIATION OF FUND FINANCIAL STATEMENTS
TO GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

Amounts reported for governmental activities in the Statement
of Activities are different because:

Net change in fund balances - governmental funds \$ 471,489

Governmental funds report capital outlay as expenditures.
However, in the Statement of Activities the cost of those
assets is allocated over their useful lives as depreciation
expense. The amount by which capital outlays exceeded
depreciation is as follows:

Capital outlay	\$ 787,160	
Depreciation expense	<u>(126,655)</u>	
Net capital assets		660,505

Repayment of bond and contracts payable is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the Statement of Net Assets

Repayment of: Bonds payable		83,603
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Proceeds from loans is a financing source in the governmental funds,
but the proceeds increases long-term liabilities in the
Statement of Net Assets (739,060)

Proceeds from sale of assets is a revenue in the governmental funds,
however, the gain or loss is revenue or expense in the Statement
of Activities:

Proceeds from sale of assets	(95,700)	
Gain on sale of assets	<u>59,176</u>	
Net book value of sold assets		(36,524)

Principal received on special assessments are income as they
are levied annually for governmental funds, but they are recognized
as income in total when they are originally levied in the initial first year
for the Statement of Activities.

Principal collected on assessments		<u>(70,642)</u>
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Change in net assets of governmental activities		<u>\$ 369,371</u>
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TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE 13 - FUND BALANCE RESERVATION

To provide for future capital purchases and projects the Township Board has reserved \$1,143,906 of its General Fund's fund balance. This includes:

General reserve	\$ 743,906
Fire department building	250,000
Road projects	<u>150,000</u>
Total reserve	<u>\$ 1,143,906</u>

REQUIRED
SUPPLEMENTARY
INFORMATION

TOWNSHIP OF GROVELAND
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$ 208,000	\$ 208,000	\$ 233,698	\$ 25,698
State shared revenues	433,583	433,583	426,045	(7,538)
Licenses and permits	305,723	305,723	176,963	(128,760)
Charges for services	81,317	81,317	79,595	(1,722)
Community development	20,000	20,000	19,148	(852)
Other revenues	<u>14,100</u>	<u>14,100</u>	<u>145,437</u>	<u>131,337</u>
Total revenues	<u>1,062,723</u>	<u>1,062,723</u>	<u>1,080,886</u>	<u>18,163</u>
EXPENDITURES				
Township board	7,000	8,316	7,433	883
Supervisor	54,480	54,480	54,242	238
Elections	11,000	11,000	6,351	4,649
Clerk	75,754	76,254	75,898	356
Equalization	35,000	35,000	34,656	344
Board of review	2,000	2,000	1,405	595
Treasurer	60,407	63,642	63,211	431
Cemetery	1,200	1,525	1,525	
Unallocated	711,182	670,569	383,101	287,468
Community development	20,000	20,000	17,876	2,124
Planning commission	10,100	8,896	6,340	2,556
Zoning board of appeals	3,500	4,100	4,100	
Street lighting	3,200	3,449	3,463	(14)
Roads	70,100	105,929	105,929	
Parks and recreation	<u>1,800</u>	<u>1,562</u>	<u>1,562</u>	
Total expenditures	<u>1,066,722</u>	<u>1,066,722</u>	<u>767,092</u>	<u>299,630</u>
Excess of revenues over (under) expenditures	(3,999)	(3,999)	313,794	317,793
FUND BALANCE, APRIL 1, 2005	<u>2,362,278</u>	<u>2,362,278</u>	<u>2,362,278</u>	
FUND BALANCE, MARCH 31, 2006	<u>\$ 2,358,279</u>	<u>\$ 2,358,279</u>	<u>\$ 2,676,072</u>	<u>\$ 317,793</u>

GROVELAND TOWNSHIP
FIRE PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Property taxes	\$	\$	\$ 807,627	\$
Ambulance billing			225,478	
Fire runs			16,651	
Rental income			9,500	
Camp reimbursements			21,418	
Special event reimbursements			12,138	
Training			13,850	
Interest income			12,908	
State grant			7,700	
Miscellaneous			14	
Total revenues	1,021,732	1,021,732	1,127,284	105,552
EXPENDITURES	<u>1,021,732</u>	<u>1,021,732</u>	<u>1,005,738</u>	<u>15,994</u>
Excess of revenues over (under) expenditures before other financing (uses)			121,546	121,546
OTHER FINANCING (USES)				
Transfers (out)			(128,043)	(128,043)
Excess of revenues over (under) expenditures after other financing (uses)			(6,497)	(6,497)
FUND BALANCE, APRIL 1, 2005	<u>864,151</u>	<u>864,151</u>	<u>864,151</u>	
FUND BALANCE, MARCH 31, 2006	<u>\$ 864,151</u>	<u>\$ 864,151</u>	<u>\$ 857,654</u>	<u>\$ (6,497)</u>

GROVELAND TOWNSHIP
FIRE IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Interest earned	\$ 2,200	\$ 2,200	\$ 4,177	\$ 1,977
Federal grant	114,614	114,614	115,614	1,000
General reimbursement	<u>45,781</u>	<u>45,780</u>		<u>(45,781)</u>
Total revenues	<u>162,595</u>	<u>162,595</u>	<u>119,791</u>	<u>(42,804)</u>
EXPENDITURES				
Capital outlay	1,102,698	1,102,698	977,987	124,711
Payroll	1,750	1,750	339	1,411
Other	<u>250</u>	<u>250</u>		<u>250</u>
Total expenditures	<u>1,104,698</u>	<u>1,104,698</u>	<u>978,326</u>	<u>126,372</u>
Excess of revenues over (under) expenditures before other financing (uses)	<u>(942,103)</u>	<u>(942,103)</u>	<u>(858,535)</u>	<u>83,568</u>
OTHER FINANCING SOURCES				
Loan proceeds	739,060	739,060	739,060	
Proceeds sale of assets	75,000	75,000	95,700	20,700
Operating transfer - in	<u>128,043</u>	<u>128,043</u>	<u>128,043</u>	
Total other financing sources	<u>942,103</u>	<u>942,103</u>	<u>962,803</u>	<u>20,700</u>
Excess of revenues over (under) expenditures after other financing (uses)			104,268	104,268
FUND BALANCE, APRIL 1, 2005	<u>8,764</u>	<u>8,764</u>	<u>8,764</u>	
FUND BALANCE, MARCH 31, 2006	<u>\$ 8,764</u>	<u>\$ 8,764</u>	<u>\$ 113,032</u>	<u>\$ 104,268</u>

SUPPLEMENTARY
INFORMATION

COMBINING
STATEMENTS

TOWNSHIP OF GROVELAND
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2006

	<u>Building Department Fund</u>	<u>Fire Protection Fund</u>	<u>Fire Improvement Fund</u>	<u>Totals</u>
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents	\$ 36,670	\$ 775,700	\$ 113,032	\$ 925,402
Taxes receivable		97,488		97,488
Due from other funds	<u> </u>	<u>172</u>	<u> </u>	<u>172</u>
Total assets	<u>\$ 36,670</u>	<u>\$ 873,360</u>	<u>\$ 113,032</u>	<u>\$ 1,023,062</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ 324	\$ 15,706	\$	\$ 16,030
Due to other funds	<u>4,100</u>	<u> </u>	<u> </u>	<u>4,100</u>
Total liabilities	4,424	15,706		20,130
FUND BALANCE	<u>32,246</u>	<u>857,654</u>	<u>113,032</u>	<u>1,002,932</u>
Total liabilities and fund balance	<u>\$ 36,670</u>	<u>\$ 873,360</u>	<u>\$ 113,032</u>	<u>\$ 1,023,062</u>

TOWNSHIP OF GROVELAND
ALL TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2006

	<u>Current Tax Collection</u>	<u>Trust and Agency</u>	<u>Totals</u>
ASSET			
Cash and cash equivalents	<u>\$ 17,415</u>	<u>\$ 89,809</u>	<u>\$ 107,224</u>
LIABILITIES			
Due to other funds	\$ 16,502	\$ 1,087	\$ 17,589
Due to others	<u>913</u>	<u>88,722</u>	<u>89,635</u>
Total liabilities	<u>\$ 17,415</u>	<u>\$ 89,809</u>	<u>\$ 107,224</u>

TOWNSHIP OF GROVELAND
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2006

	Building Department Fund	Fire Protection Fund	Fire Improvement Fund	Totals
REVENUES				
Property taxes	\$	\$ 807,627	\$	\$ 807,627
Licenses and permits	87,976			87,976
Charges for service		289,535		289,535
Grants		7,700	115,614	123,314
Rental income		9,500		9,500
Interest income		12,908	4,177	17,085
Miscellaneous		14		14
	<u>87,976</u>	<u>1,127,284</u>	<u>119,791</u>	<u>1,335,051</u>
Total revenues				
EXPENDITURES				
Fire protection		1,005,738	978,326	1,984,064
Building department	79,313			79,313
	<u>79,313</u>	<u>1,005,738</u>	<u>978,326</u>	<u>2,063,377</u>
Total expenditures				
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>8,663</u>	<u>121,546</u>	<u>(858,535)</u>	<u>(728,326)</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds			739,060	739,060
Proceeds sale of assets			95,700	95,700
Operating transfer in (out)		(128,043)	128,043	
		<u>(128,043)</u>	<u>962,803</u>	<u>834,760</u>
Total other financing sources (uses)				
Excess of revenues over (under) expenditures after other financing sources (uses)	8,663	(6,497)	104,268	106,434
FUND BALANCE, APRIL 1, 2005	<u>23,583</u>	<u>864,151</u>	<u>8,764</u>	<u>896,498</u>
FUND BALANCE, MARCH 31, 2006	<u>\$ 32,246</u>	<u>\$ 857,654</u>	<u>\$ 113,032</u>	<u>\$ 1,002,932</u>

INDIVIDUAL
FUNDS

GENERAL
FUND

TOWNSHIP OF GROVELAND
GENERAL FUND
BALANCE SHEET
MARCH 31, 2006

ASSETS

ASSETS

Cash and cash equivalents	\$ 2,524,949	
Accounts receivable - other	38,360	
Taxes receivable	27,460	
State shared revenues receivable	69,935	
Due from other funds	<u>21,517</u>	
Total assets		<u>\$ 2,682,221</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable		\$ 6,149
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FUND BALANCE

Reserved	\$ 1,143,906	
Unreserved	<u>1,532,166</u>	

Total fund balance		<u>2,676,072</u>
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Total liabilities and fund balance		<u>\$ 2,682,221</u>
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TOWNSHIP OF GROVELAND
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	Amended <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 208,000	\$ 233,698	\$ 25,698
State shared revenues	433,583	426,045	(7,538)
Licenses and permits	305,723	176,963	(128,760)
Charges for services	81,317	79,595	(1,722)
Community development	20,000	19,148	(852)
Other revenues	<u>14,100</u>	<u>145,437</u>	<u>131,337</u>
Total revenues	<u>1,062,723</u>	<u>1,080,886</u>	<u>18,163</u>
EXPENDITURES			
Township board	8,316	7,433	883
Supervisor	54,480	54,242	238
Elections	11,000	6,351	4,649
Clerk	76,254	75,898	356
Equalization	35,000	34,656	344
Board of review	2,000	1,405	595
Treasurer	63,642	63,211	431
Cemetery	1,525	1,525	
Unallocated	670,569	383,101	287,468
Community development	20,000	17,876	2,124
Planning commission	8,896	6,340	2,556
Zoning board of appeals	4,100	4,100	
Street lighting	3,449	3,463	(14)
Roads	105,929	105,929	
Parks and recreation	<u>1,562</u>	<u>1,562</u>	
Total expenditures	<u>1,066,722</u>	<u>767,092</u>	<u>299,630</u>
Excess of revenues over (under) expenditures	(3,999)	313,794	317,793
FUND BALANCE, APRIL 1, 2005	<u>2,362,278</u>	<u>2,362,278</u>	
FUND BALANCE, MARCH 31, 2006	<u>\$ 2,358,279</u>	<u>\$ 2,676,072</u>	<u>\$ 317,793</u>

TOWNSHIP OF GROVELAND
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
PROPERTY TAXES	\$ 208,000	\$ 233,698	\$ 25,698
STATE SHARED REVENUES	<u>433,583</u>	<u>426,045</u>	<u>(7,538)</u>
LICENSES AND PERMITS			
Liquor license fees	2,904	2,958	54
Mobile home fees	2,000	2,245	245
Cablevision franchise and Metro Act	39,519	46,176	6,657
Reclamation revenues	260,000	124,084	(135,916)
Waste hauler fees	<u>1,300</u>	<u>1,500</u>	<u>200</u>
Total licenses and permits	<u>305,723</u>	<u>176,963</u>	<u>(128,760)</u>
CHARGES FOR SERVICES			
Tax collection fees	13,844	14,521	677
Planning commission	10,000	8,300	(1,700)
Board of appeals	3,500	2,132	(1,368)
Camp reimbursements	5,850	6,041	191
Tower lease	<u>48,123</u>	<u>48,601</u>	<u>478</u>
Total charges for services	<u>81,317</u>	<u>79,595</u>	<u>(1,722)</u>
COMMUNITY DEVELOPMENT	<u>20,000</u>	<u>19,148</u>	<u>(852)</u>
OTHER REVENUES			
Interest	12,000	103,786	91,786
General reimbursements		19,743	19,743
Miscellaneous	2,100	832	(1,268)
Grants - elections	<u> </u>	<u>21,076</u>	<u>21,076</u>
Total other revenues	<u>14,100</u>	<u>145,437</u>	<u>131,337</u>
Total revenues	<u>\$ 1,062,723</u>	<u>\$ 1,080,886</u>	<u>\$ 18,163</u>

TOWNSHIP OF GROVELAND
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TOWNSHIP BOARD	\$ 8,316	\$ 7,433	\$ 883
 SUPERVISOR			
Salary	53,180	53,180	
Dues and subscriptions	300	185	115
Professional development	<u>1,000</u>	<u>877</u>	<u>123</u>
Total supervisor	<u>54,480</u>	<u>54,242</u>	<u>238</u>
 ELECTIONS			
Supplies and salaries	<u>11,000</u>	<u>6,351</u>	<u>4,649</u>
 CLERK			
Salary	49,707	49,707	
Deputy clerk salary	25,247	25,247	
Professional development	1,000	754	246
Membership dues	<u>300</u>	<u>190</u>	<u>110</u>
Total clerk	<u>76,254</u>	<u>75,898</u>	<u>356</u>
 EQUALIZATION	<u>35,000</u>	<u>34,656</u>	<u>344</u>
 BOARD OF REVIEW			
Salaries	<u>2,000</u>	<u>1,405</u>	<u>595</u>
 TREASURER			
Salary	49,707	49,707	
Deputy treasurer salary	13,235	13,133	102
Professional development	500	246	254
Membership dues	<u>200</u>	<u>125</u>	<u>75</u>
Total treasurer	<u>63,642</u>	<u>63,211</u>	<u>431</u>
 CEMETERY	<u>1,525</u>	<u>1,525</u>	

TOWNSHIP OF GROVELAND
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
UNALLOCATED			
Planning and zoning administration	\$ 25,247	\$ 25,247	\$
Recording secretary salary	4,000	2,840	1,160
Longevity	2,525	2,525	
Office assistant	16,475	11,130	5,345
Insurance wages	12,500	12,434	66
Social security taxes	22,000	20,917	1,083
Health, life and disability	57,500	50,190	7,310
Reimbursed expenses	1,000	108	892
Supplies	20,000	15,064	4,936
Public safety officer	67,706	4,867	62,839
Legal and accounting	7,150	6,668	482
Payroll services	5,261	5,463	(202)
Contractual services	1,500	1,454	46
Planning consultants	18,709	18,709	
Engineer	9,112	9,333	(221)
Attorney	25,000	24,136	864
Legal, technical and environmental	1,500	580	920
Dues and subscriptions	5,250	4,860	390
Disaster fund	500		500
Telephone	7,080	6,529	551
Cable franchise	2,900	2,500	400
Cable wages	7,350	7,801	(451)
Brandon Library legal fees	6,000	6,000	
Holly library	6,500	6,500	
Legal notices	5,746	6,231	(485)
General insurance	20,000	12,298	7,702
Utilities	8,000	6,623	1,377
Repairs and maintenance	30,500	31,514	(1,014)
Repairs and maintenance wages	5,500	5,389	111
Computer maintenance	5,500	5,451	49
On line with county	5,000	507	4,493
Miscellaneous	17,000	13,174	3,826
Brandon Township recreation	15,000	15,000	
Youth assistance	8,000	8,000	
Capital outlay	14,860	24,429	(9,569)
Capital outlay reserve	3,218		3,218
Building reserve	199,480		199,480
Write-off delinquent taxes		<u>8,630</u>	<u>(8,630)</u>
Total unallocated	<u>670,569</u>	<u>383,101</u>	<u>287,468</u>
COMMUNITY DEVELOPMENT	<u>20,000</u>	<u>17,876</u>	<u>2,124</u>

TOWNSHIP OF GROVELAND
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
PLANNING COMMISSION			
Salaries and dues	\$ <u>8,896</u>	\$ <u>6,340</u>	\$ <u>2,556</u>
ZONING BOARD OF APPEALS			
Salaries	<u>4,100</u>	<u>4,100</u>	<u></u>
STREET LIGHTING	<u>3,449</u>	<u>3,463</u>	<u>(14)</u>
ROADS	<u>105,929</u>	<u>105,929</u>	<u></u>
PARKS AND RECREATION	<u>1,562</u>	<u>1,562</u>	<u></u>
Total expenditures	<u>\$ 1,066,722</u>	<u>\$ 767,092</u>	<u>\$ 299,630</u>

BUILDING
DEPARTMENT
FUND

TOWNSHIP OF GROVELAND
BUILDING DEPARTMENT FUND
BALANCE SHEET
MARCH 31, 2006

ASSETS

ASSETS

Cash and cash equivalents

\$ 36,670

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable
Due to other funds

\$ 324
4,100

Total liabilities

\$ 4,424

FUND BALANCE

32,246

Total liabilities and fund balance

\$ 36,670

TOWNSHIP OF GROVELAND
BUILDING DEPARTMENT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Administrative fee	\$	\$ 10,552	\$
Building permits		40,117	
Electrical permits		10,758	
Plumbing permits		9,235	
Heating permits		<u>17,314</u>	
Total revenues	<u>83,000</u>	<u>87,976</u>	<u>4,976</u>
EXPENDITURES			
Salary - administrator		24,439	
Inspector - building		19,485	
Inspector - electrical		5,110	
Inspector - plumbing		4,420	
Inspector - heating		7,708	
Payroll taxes		4,461	
Employee benefits		2,824	
Supplies		587	
Legal and accounting		1,400	
Telephone		256	
Repairs and maintenance		975	
Education and training		740	
Miscellaneous		175	
Insurance		4,100	
Capital outlay		<u>2,633</u>	
Total expenditures	<u>86,000</u>	<u>79,313</u>	<u>6,687</u>
Excess of revenues over (under) expenditures	(3,000)	8,663	11,663
FUND BALANCE, APRIL 1, 2005	<u>23,583</u>	<u>23,583</u>	
FUND BALANCE, MARCH 31, 2006	<u>\$ 20,583</u>	<u>\$ 32,246</u>	<u>\$ 11,663</u>

FIRE
PROTECTION
FUND

GROVELAND TOWNSHIP
FIRE PROTECTION FUND
BALANCE SHEET
MARCH 31, 2006

ASSETS

ASSETS

Cash and cash equivalents	\$ 775,700
Taxes receivable	97,488
Due from other funds	<u>172</u>

Total current assets

\$ 873,360

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 15,706
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FUND BALANCE

857,654

Total liabilities and fund balance

\$ 873,360

GROVELAND TOWNSHIP
FIRE PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 765,000	\$ 807,627	\$ 42,627
Ambulance billing	185,000	225,478	40,478
Fire runs	20,000	16,651	(3,349)
Rental income	9,400	9,500	100
Camp reimbursements	16,332	21,418	5,086
Special event reimbursements		12,138	12,138
Training	20,000	13,850	(6,150)
Interest income	5,000	12,908	7,908
State grant	1,000	7,700	6,700
Miscellaneous		<u>14</u>	<u>14</u>
Total revenues	1,021,732	1,127,284	105,552
EXPENDITURES	<u>1,021,732</u>	<u>1,005,738</u>	<u>15,994</u>
Excess of revenues over (under) expenditures before other financing uses		121,546	121,546
OTHER FINANCING (USES)			
Transfer (out)		<u>(128,043)</u>	<u>(128,043)</u>
Excess of revenues over (under) expenditures after other financing (uses)		(6,497)	(6,497)
FUND BALANCE, APRIL 1, 2005	<u>864,151</u>	<u>864,151</u>	
FUND BALANCE, MARCH 31, 2006	<u>\$ 864,151</u>	<u>\$ 857,654</u>	<u>\$ (6,497)</u>

GROVELAND TOWNSHIP
FIRE PROTECTION FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES			
Wages - chief	\$ 55,779	\$ 55,779	\$
Wages - assistant chief	50,099	50,099	
Wages - lieutenants	114,169	113,930	239
Wages - secretary	10,972	10,642	330
Wages - firefighters	311,333	311,055	278
Payroll taxes	41,553	40,996	557
Ambulance services	22,000	20,880	1,120
Employee benefits	66,984	66,984	
Office supplies	14,500	14,356	144
Operating supplies	65,000	65,305	(305)
Legal and accounting	3,458	2,184	1,274
Contractual services	17,156	18,114	(958)
Dues and subscriptions	4,375	4,458	(83)
Telephone	9,151	8,827	324
Fuel costs	16,766	16,823	(57)
Insurance and bonds	52,500	51,424	1,076
Repairs and maintenance	43,200	43,552	(352)
Education and training	41,000	39,607	1,393
Utilities	32,000	33,381	(1,381)
Capital outlay	8,355	7,772	583
Debt service	41,232		41,232
Miscellaneous	150	678	(528)
Bad debts		<u>28,892</u>	<u>(28,892)</u>
Total expenditures	<u>\$ 1,021,732</u>	<u>\$ 1,005,738</u>	<u>\$ 15,994</u>

FIRE IMPROVEMENT
FUND

GROVELAND TOWNSHIP
FIRE IMPROVEMENT FUND
BALANCE SHEET
MARCH 31, 2006

ASSETS

ASSETS

Cash and cash equivalents

\$ 113,032

FUND BALANCE

FUND BALANCE

\$ 113,032

GROVELAND TOWNSHIP
FIRE IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES			
Interest earned	\$ 2,200	\$ 4,177	\$ 1,977
Federal grant	114,614	115,614	1,000
General reimbursement	<u>45,781</u>	<u></u>	<u>(45,781)</u>
Total revenues	<u>162,595</u>	<u>119,791</u>	<u>(42,804)</u>
EXPENDITURES			
Capital outlay	1,102,698	977,987	124,711
Payroll	1,750	339	1,411
Other	<u>250</u>	<u></u>	<u>250</u>
Total expenditures	<u>1,104,698</u>	<u>978,326</u>	<u>126,372</u>
Excess of revenues over (under) expenditures before other financing sources	<u>(942,103)</u>	<u>(858,535)</u>	<u>83,568</u>
OTHER FINANCING SOURCES			
Loan proceeds	739,060	739,060	
Proceeds - sale of assets	75,000	95,700	20,700
Operating transfer-in	<u>128,043</u>	<u>128,043</u>	<u></u>
Total other financing sources	<u>942,103</u>	<u>962,803</u>	<u>20,700</u>
Excess of revenues over (under) expenditures after other financing sources		104,268	104,268
FUND BALANCE, APRIL 1, 2005	<u>8,764</u>	<u>8,764</u>	<u></u>
FUND BALANCE, MARCH 31, 2006	<u>\$ 8,764</u>	<u>\$ 113,032</u>	<u>\$ 104,268</u>

GAS LINE
DEBT
SERVICE
FUND

TOWNSHIP OF GROVELAND
GAS LINE DEBT SERVICE FUND
BALANCE SHEET
MARCH 31, 2006

ASSETS

ASSETS

Cash and cash equivalents	\$ 384,221	
Taxes receivable	6,873	
Special assessment receivable - current	<u>48,625</u>	
Total current assets		\$ 439,719
DEFERRED SPECIAL ASSESSMENT RECEIVABLE		<u>472,042</u>
Total assets		<u>\$ 911,761</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Matured bonds payable	\$ 85,515	
Deferred revenues	<u>520,667</u>	
Total liabilities		\$ 606,182
RESERVED FUND BALANCE		<u>305,579</u>
Total liabilities and fund balance		<u>\$ 911,761</u>

TOWNSHIP OF GROVELAND
GAS LINE DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2006

REVENUES

Special assessments - current	\$ 119,131
Interest income	11,204
Connection fees	<u>41,600</u>
Total revenues	<u>171,935</u>

EXPENDITURES

Principal	83,603
Interest	<u>37,071</u>
Total expenditures	<u>120,674</u>

Excess of revenues over (under) expenditures	51,261
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FUND BALANCE, APRIL 1, 2005	<u>254,318</u>
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FUND BALANCE, MARCH 31, 2006	<u>\$ 305,579</u>
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CURRENT
TAX
COLLECTION
FUND

TOWNSHIP OF GROVELAND
CURRENT TAX COLLECTION FUND
BALANCE SHEET
MARCH 31, 2006

ASSETS

ASSETS

Cash and cash equivalents

\$ 17,415

LIABILITIES

LIABILITIES

Due to other funds

\$ 16,502

Due to other units

913

Total liabilities

\$ 17,415

TRUST
AND
AGENCY
FUND

TOWNSHIP OF GROVELAND
TRUST AND AGENCY FUND
BALANCE SHEET
MARCH 31, 2006

ASSETS

ASSETS

Cash and cash equivalents

\$ 89,809

LIABILITIES

LIABILITIES

Due to other funds

\$ 1,087

Due to others

88,722

Total liabilities

\$ 89,809

TOWNSHIP OF GROVELAND

COMMENTS
AND
RECOMMENDATIONS

FOR THE YEAR ENDED MARCH 31, 2006



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
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July 28, 2006

Board of Trustees
Township of Groveland
4695 Grange Hall Road
Holly, Michigan 48442

Honorable Board of Trustees:

In planning and performing our audit of the financial statements of the Township of Groveland for the year ended March 31, 2006, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Those matters are as follows:

1. COMMENT

An invoice from a vendor was erroneously submitted to the Township for payment twice. Both invoices were paid by the Township. One invoice had approval for payment by the Fire Chief.

RECOMMENDATION

We recommend a change in policy related to paying the Fire Department invoices be made for your consideration. When Fire personnel make purchases and receive the goods, packing slips should be sent to the Township clerk with approvals to pay. Invoices should be sent directly to the clerk who should match up the packing slip with the invoice. Copies of the invoice should be retained at the Township Hall and Fire Hall.

2. COMMENT

Documentation regarding receipts for asset sales and other non-recurring revenues in the Fire Reserve Fund could not be located.

RECOMMENDATION

Documentation which supports and explains the aforementioned receipt transactions should be retained in the cash receipt records.

3. COMMENT

We found a payment to a vendor was made based on a statement. There were several invoices listed on the statement. All invoices except one could be found.

RECOMMENDATION

All payments to vendors should be made with invoices and packing slips as the support to verify receipt of goods and approval to pay.

4. COMMENT

Back-up documentation for charges to credit card account purchases were sometimes missing.

RECOMMENDATION

All receipts for purchases on credit cards should be matched up to transactions on credit card statements before the bill is paid.

5. COMMENT

Interest earned in the Trust and Agency Fund and the Current Tax Fund were not transferred to the General Fund for the year.

RECOMMENDATION

At least annually, the interest earned in both aforementioned funds should be transferred to the General Fund.

6. COMMENT

The Gas Line Debt Service Fund should be reconciled annually. The cash collections from special assessments and early payoffs should be reconciled with the number of assessments outstanding as well as the outstanding receivable.

RECOMMENDATION

We have worked with the Treasurer's office to complete an annual reconciliation. It appears there may be one assessment which was paid off early and is still being assessed. Although, the amount is not significant, we will continue to work with the Treasurer's office to resolve the above.

This letter does not affect our report dated July 28, 2006 on the financial statements of the Township of Groveland.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and recommendations with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Board of Trustees, and management of the Township of Groveland and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants